

Part A – Explanatory Notes Pursuant to FRS 134

A1. Accounting Policies

The interim financial report has been prepared in accordance with FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2009.

The accounting policies used by the Group in the quarterly report comply with the principles of the International Financial Reporting Standard ("IFRS") adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The quarterly report has been prepared based on the presentation, accounting policies and methods of computation consistent with those in the preparation of the audited statutory financial statement for the financial year ended 31 December 2009.

The accounting principles and bases used are consistent with those previously adopted in the preparation of the audited financial statements of the Group except for the adoption of the following applicable new/revised Financial Reporting Standards ("FRS") and IC Interpretation effective for financial year beginning 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segment
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments : Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transaction
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards
Amendment to FRS 2	Share-based Payment – Vesting Conditions and Cancellations
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7	Financial Instruments : Disclosures
Amendment to FRS 8	Operating Segment
Amendment to FRS 101	Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
Amendment to FRS 107	Cash Flow Statements
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events After the Balance Sheet Date
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases

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Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate
Amendment to FRS 128	Investments in Associates
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131	Interests in Joint Ventures
Amendment to FRS 132	Financial Instruments : Presentation - Puttable Financial Instruments and Obligations Arising on Liquidation -Separation of Compound Instruments -Classification of Rights Issues
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendment to FRS 139	Financial Instruments : Recognition and Measurement
Amendment to FRS 140	Investment Property
Amendment to IC Interpretation 9	Reassessment of Embedded Derivatives

The adoption of the above FRSs, Amendments to FRSs and Interpretations do not have any significant financial impact on the Group's results.

A2. Declaration of Qualification of Audit Report

There was no qualification in the audited report for the year ended 31 December 2009.

A3. Seasonality or cyclicity of operations

The Group's operations are not subject to seasonal or cyclical factors.

A4. Nature and Amounts of Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the quarter under review.

A5. Nature and Amount of Changes in Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial year which give a material effect in the current interim period.

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A6. Issuances or repayment of debt and equity securities

There were no issuances of new shares or repayment of debt and equity securities during the quarter under review.

A7. Dividends

No dividend is being proposed or paid for this quarter.

A8. Segment Reporting

By Business Segments

	Total Revenue RM	Inter Company RM	External Sales RM	Profit/(Loss) Before Taxation RM
Aviation Services	5,491,478	-	5,491,478	5,649
Property & Investment Holding	187,700	-	187,700	(1,671,114)
Group	5,679,178	-	5,679,178	(1,665,465)

By Geographical Segment

	External Sales RM	Profit/(Loss) Before Taxation RM
Malaysia	1,277,234	(1,643,786)
China	4,401,944	16,761
Hong Kong		(38,440)
Group	5,679,178	(1,665,465)

A9. Valuation of Investment Properties and Property, Plant and Equipment

The valuations of investment properties and land and buildings have been brought forward, without amendment from the previous annual report.

A10. Material events subsequent to the end of the period

There were no other material events subsequent to the end of the period.

A11. Changes in the composition of the Group

On 9 July 2010, Nagamas incorporated a company, Nagamas Venture Sdn.Bhd. (“NVSB”) with a paid-up capital of RM2.00. With effect from that date, NVSB became a fully owned subsidiary of the Company.

Apart from the above, there were no other changes in the composition of the Group during the quarter

A12. Changes in contingent liabilities

There were no contingent liabilities at the end of the quarter.

A13. Comparison with Preceding Quarter’s Results

Revenue recorded for current quarter was RM5.68 million which showed a decrease of RM24.56 million compared to that of the preceding quarter. Loss for the quarter before taxation was RM1.67 million compared to a loss of RM0.78 million in the preceding quarter.

The significant decrease in revenue was due to the disposal of the Company’s entire interest in the industrial division which was completed on 8 January 2010.

A14. Review of Performance against Preceding Year’s Corresponding Quarter

For the quarter under review, the Group registered a revenue of RM5.68 million and a net loss after taxation of RM1.75 million compared to RM30.24 million and RM1.00 million respectively in the previous year’s corresponding quarter.

The net loss for the current quarter was mainly attributable to low gross profit margin achieved for the quarter under review.

A15. Future Prospects

The Group is exploring opportunities to expand its logistic and aviation services and property businesses.

A16. Variance on Profit Forecast / Profit Guarantee

No applicable.

A17. Taxation

The tax charge relates principally to the current year’s profit made by certain profitable subsidiary companies which cannot be offset against the losses of other subsidiary companies within the Group.

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A18. Profit/Loss on Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and properties for the quarter under review.

A19. Purchase or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities by the Group.

A20. Group Borrowings

None.

A21. Off Balance Sheet Financial Instruments

None.

PART B: Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB

B1. Material Litigation

None

B2. Earnings Per Share (EPS)

The EPS for the quarter was calculated base on the profit after taxation for the quarter divided by the weighted average number of ordinary shares outstanding during the period.

EPS for the quarter is as follows:-

	RM'000
Basic :	$\frac{(1,752)}{50,895}$
	= (3.44) sen
Diluted :	Not applicable

B3. Other Receivables

Included in Other Receivables is a sum of RM8.15 million paid for the acquisition of properties under construction which are situated in the People's Republic of China. Completion of this purchase is expected in the 4th quarter of 2010.